

APPENDIX 63

BROOKLYN QUEENS HEALTHCARE, INC.

BOARD OF TRUSTEES MEETING

MINUTES

JANUARY 8, 2009

PRESENT:

Emil Rucigay, Esq.
Fred T. Haller, Esq.
Herman Hochberg
Rajiv Garg
Vito J. D'Alessandro, M.D.
Gary Goffner
Vincent Arcuri

EXCUSED:

John H. Cook, Jr., Esq.
Adam Figueroa
Frank Chiarello
Krishna Mehta

David Hoffman, Esq. – Legal Counsel

Mr. Arcuri called the meeting to order at 3 p.m.

APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING:

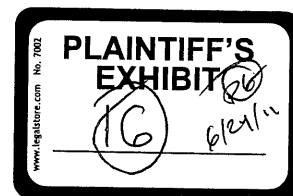
ON A MOTION PROPERLY MADE BY MR. HALLER, SECONDED BY DR. D'ALESSANDRO, ALL IN FAVOR, THE MINUTES OF THE PREVIOUS MEETING OF DECEMBER 4, 2008 WERE APPROVED BY THE BOARD OF TRUSTEES.

RESOLUTION:

Mr. Arcuri mentioned that a resolution for Caritas to obtain an interest free loan from the Dormitory Authority in the amount of \$3,500,000 was unanimously approved by the BQHC Board on January 6th. (APPENDED TO THE MINUTES).

Mr. Garg advised the Board Members that there is need to establish a new tax ID number for BQHC. Following some discussion it was decided that this issue will be discussed further at a separate meeting with Mr. Garg, Mr. Hoffman and Mr. Haller. Discussion then ensued regarding the tax laws (17) and review of the properties owned by Wyckoff Heights Medical Center. Mr. Garg reported that we have the opportunity to potentially raise \$4 million through the financing of certain real estate owned by Wyckoff and/or BQHC.

Mr. Arcuri provided an update on yesterday's Caritas Board meeting, which was attended by Ms. Paula Miceli, a representative of the Queens Borough President's Office. A February 16, 2009 meeting will be held to discuss alternatives to a likely Caritas



BQHC 00211

BQHC Meeting -- January 8, 2009
Page 2

bankruptcy filing and closure. Several local elected officials are expected to attend the meeting. Mr. Arcuri stated that the elected officials will be notified that the Department of Health will no longer continue to subsidize the Caritas operations and the hospitals will likely close. The impact of a closure on the Queens communities will also be discussed. Mr. Hochberg expressed his concerns in reference to potential unsafe conditions at the hospitals during a prolonged closure process.

Mr. Arcuri informed the Board Members that Caritas has only two weeks of cash to maintain operations. He went on to say that additional funds may be available to New York State as a result of a Federal stimulus package. We are hoping that the elected officials can convince the State to continue the Caritas subsidies until the availability of additional Federal funds is determined.

Mr. Hoffman advised the Board of Trustees that Wyckoff has engaged a law firm to provide advice in an effort to protect the interests of Wyckoff in the event of a Caritas bankruptcy. Mr. Goffner inquired as to Wyckoff's Caritas related contractual obligations. Mr. Hoffman replied that at this time there are two which we are aware of; one is a medical school obligation and the other is a pension obligation.

North Shore's interest in St. John's Queens Hospital was discussed. Mr. Hoffman stated that while the Department of Health may not provide guarantees for the financing necessary to rebuild the hospital, North Shore may decide to proceed with an acquisition without State financing guarantees.

Dr. D'Alessandro inquired as to whether the Medical Staff of Caritas is fully aware of the status of the current situation. Mr. Hoffman replied that Mr. John Kastanis, CEO of Caritas, recently held Town Hall Meetings at both of the hospitals and announced a likely bankruptcy filing and closure of the hospitals.

Mr. Garg mentioned that there is an opportunity to raise working capital of approximately \$4 million dollars through the financing of certain BQHC and/or Wyckoff properties. The potential financing was discussed in great detail by the Board Members and it was suggested that the following resolution be adopted as follows:

Resolved that the BQHC Board Members voted to transfer all ancillary properties currently owned by BQHC, Inc. into a new holding corporation with a new tax ID number.

Mr. Rucigay stated that at yesterday's Caritas meeting he tried to stress to the elected officials the importance of the continuance of the Hospitals for the sake of the community's financial future. He inquired as to whether the Board Members felt it would be proper for Mr. Arcuri to contact Paula Miceli from the Borough President's

BQHC Meeting -- January 8, 2009
Page 3

Office and, through her, contact the Queens Chamber of Commerce. He mentioned that the loss of 2,500 jobs would have a dire impact on Queens County economy.

Mr. Lavan advised the Board of Trustees that Caritas must act quickly due to numerous cash flow problems which the hospitals are now experiencing. He went on to say that we are approximately two weeks away from a filing, absent political intervention, and discussed the ramifications of this with the Board Members. Mr. Lavan stated that it is our preference to have the Caritas Hospitals remain open.

Mr. Lavan stated that the Department of Health is slowly running out of re-structuring money at a time when more and more hospitals are facing similar financial problems. He noted that North Shore cannot not secure financing for their proposed SJQ construction project. In light of the current situation, we will begin to plan for the closure of the two Caritas hospitals. We will prepare for a chapter eleven filing followed by a chapter seven liquidation. In open discussion, Mr. Lavan mentioned that North Shore may still be interested in an acquisition even without State financing guarantees.

Mr. Lavan stated that a non-bankruptcy alternative will be formulated for Wyckoff. In an attempt to clean up some of the balance sheet we will need the following:

\$14 million dollars in receivables owed to Wyckoff which is fully reserved on the balance sheet.

A mortgage holiday for a period of one year period of time.

A temporary loan from DASNY on the Garity Post property to provide Wyckoff the funds necessary to make it's February 2009 bond holder payments.

Refund of an excess malpractice umbrella insurance policy which could generate \$4 million dollars in cash.

Mr. Lavan stated that the above package in total, would help us to manage cash needs to maintain Wyckoff's operations through the end of 2009.

Mr. Rucigay commented on yesterday's meeting and stated that he felt that the Department's concern is the fiscal stability of Wyckoff and what they would like to see is improvement in the Hospital's finances.


Lively discussion ensued regarding the proposed Medicaid cuts and it was mentioned by Mr. Rucigay that at no point did the Department indicate that assistance to the poor, needy, and indigent be diminished.

BQHC Meeting – January 8, 2009
Page 4

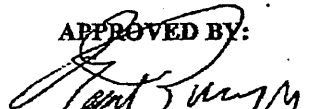
ADJOURNMENT:

ON A MOTION DULY MADE BY MR. HOCHBERG, SECONDED BY MR. HALLER, ALL IN FAVOR, THE MEETING ADJOURNED AT 5:45 P.M.

RESPECTFULLY SUBMITTED:


PATRICIA MILLSFAUGH
EXECUTIVE SECRETARY

APPROVED BY:


EMIL RUCIGAY, ESQ.
CHAIRMAN

BQHC 00214